



Living Wage
Scotland

Living Wage:
A Guide for
Employers

**For the real
cost of living**

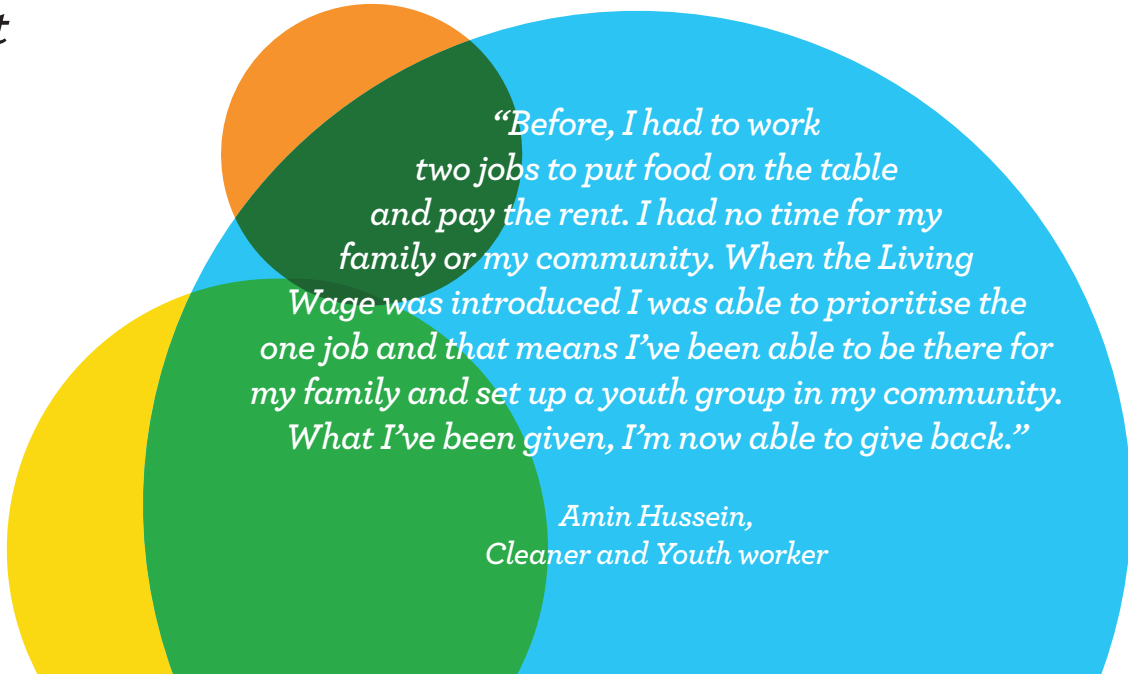
Become a Living Wage employer today

An initiative from the Poverty Alliance, in partnership with Living Wage Foundation, funded by the Scottish Government



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“Before, I had to work two jobs to put food on the table and pay the rent. I had no time for my family or my community. When the Living Wage was introduced I was able to prioritise the one job and that means I’ve been able to be there for my family and set up a youth group in my community. What I’ve been given, I’m now able to give back.”

*Amin Hussein,
Cleaner and Youth worker*



What is the Living Wage?

The Living wage is currently £8.75 in the UK and £10.20 in London.

Only the real Living Wage is independently calculated each year based on what employees and their families need to live. It is an hourly rate that provides a benchmark for employers that voluntarily choose to ensure their staff earn a wage that meets their cost of living.

On becoming accredited, employers are awarded the Living Wage Employer Mark, a symbol of responsible pay. This mark is a badge of honour.

By displaying the Living Wage Employer Mark, employers can signal to others their commitment to paying a wage that is enough to live on.

Paying the Living Wage is good for business, good for the individual and good for society.



Explaining UK Wage Rates

	The minimum wage: government minimum for under 25s	The minimum wage: government minimum for over 25s	Real Living Wage: The only wage rate based on what people need to live
	£7.38	£7.83	£8.75 across the UK and £ 10.20 in London
Is it the law?	Statutory	Statutory	Voluntary
What age group is covered?	21 and older	25 and older	18 and older
How is it set?	Negotiated settlement based on recommendations from businesses and trade unions	A % of median earnings, currently at 55% it aims to reach 60% of median earnings by 2020	Calculation made according to the cost of living, based on a basket of household goods and services
Is there a London Weighting?	No London Weighting	No London Weighting	Yes - there is a separate higher rate for London



History of the Living Wage

- 1870** *The concept of a Living Wage has roots in various cultural, religious and philosophical traditions. It first emerged around 1870 when early trade unions began to demand that workers be paid enough to cover food, clothing and shelter for themselves and their families. In 1894 Liberal MP Mark Oldroyd said, “A living wage must be sufficient to maintain the worker in the highest state of industrial efficiency, with decent surroundings and sufficient leisure”.*
- 1909** *The Trade Boards Act of 1909 set new standards for many low paid workers, especially women working at home. It was around this time that Benjamin Seebohm Rowntree, son of Joseph Rowntree, developed the first tool kit for calculating the living wage, or what he called ‘the human costs of labour’.*
- 1999** *Between 1870 and 1998, unionisation of workers increased. The Low Pay Commission (LPC) was established as an independent body as a result of the National Minimum Wage Act 1998 to advise the Government on the National Minimum Wage (NMW). When it was first introduced in April 1999, the rate of the NMW was £3.60 per hour (£3.00 for 18 to 21-year-olds). The NMW is the minimum employers can legally pay their employees.*
- 2001** *The modern Living Wage campaign was launched in 2001. The founders were parents in the East End of London, who wanted to remain in work, but found that despite working two or more minimum wage jobs they were struggling to make ends meet and were left with no time for family and community life. Their solution was to form a community group called ‘London Citizens’ which would call for employers to pay a wage that is enough to live on.*
- 2007** *The Scottish Living Wage Campaign was established in the autumn of 2007 following a conference organised by the Poverty Alliance in Glasgow. The Living Wage campaign has since grown into a national movement.*
- 2011** *In 2011 London Citizens (now known as Citizens UK) brought together grass roots campaigners and leading employers from across the UK, working closely with the Scottish Living Wage Campaign in particular, to agree a standard model for setting the UK Living Wage outside of London. At the same time, following consultation with campaigners, trade unions, employers who support the Living Wage and HR specialists, Citizens UK launched the Living Wage Foundation and Living Wage Employer mark.*
- 2014** *The Scottish Living Wage Accreditation Initiative was established in April 2014 with the aim of increasing the number of employers in Scotland who are recognised for paying their staff the Living Wage. Hosted by The Poverty Alliance, the Initiative works in partnership with the Living Wage Foundation and is funded by the Scottish Government.*



Why should employers pay the Living Wage?

By paying the real Living Wage employers are choosing to ensure their staff can earn a wage which is enough to live on. That basic fairness is at the heart of what our campaign is trying to achieve and why great employers choose to go further than the government minimum.

Many employers also report wider business benefits as a result of investments in staff pay.

The following are some of the findings from independently conducted research on employers who have introduced the Living Wage:



80% of employers believe that the Living Wage has enhanced the quality of the work of their staff.



Improved loyalty and customer service. Fewer complaints.



Absenteeism down by 25%.



Improved retention rates and reduced HR costs. PwC found turnover of contractors fell from 4% to 1%. When turnover of contractor staff halved, KPMG saved £75,000 on one contract alone.



93% reported they had gained as a business after becoming a real Living Wage employer.



86% of employers report that Living Wage accreditation has enhanced their organisation's general reputation as an employer.



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Scottish Living Wage Employers

Guitar Guitar, Glasgow

“ Our staff are our greatest asset, and the backbone of our company. By moving onto a Living Wage, we are solidifying our commitment to the well-being of our employees, their families and the future of our local community. It is a move we’re very proud of. ”

- Graham Bell, Managing Director

Utopia Computers Kilmarnock, Ayrshire

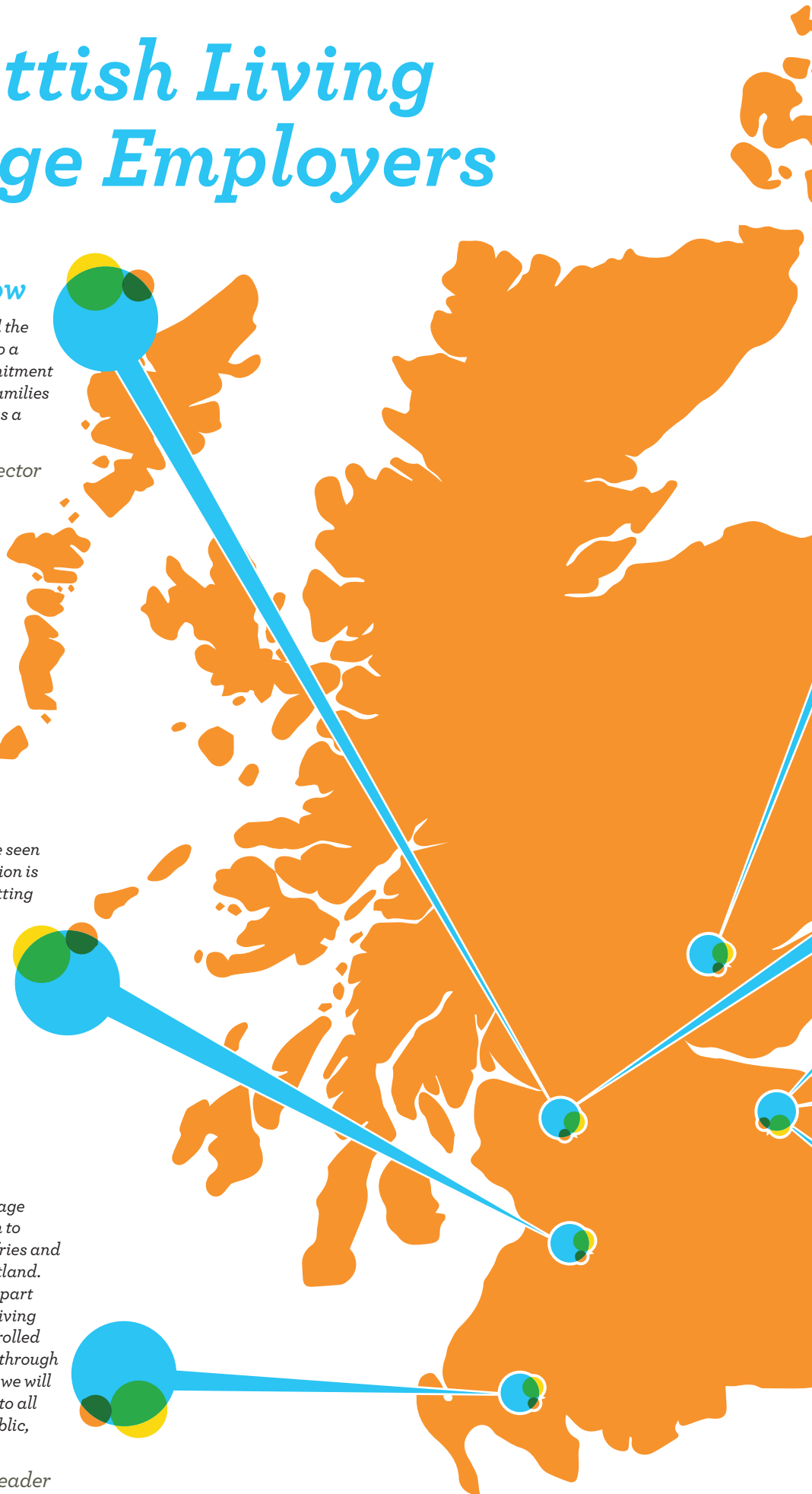
“ I think that profitable companies should re-assess and ask what it really means to pay their employees the minimum wage. In reality, they are telling their staff ‘this is the very lowest we can legally pay you’. Paying the Living Wage has been a fantastic move and experience for Utopia. We have seen increased productivity, and staff motivation is at an all-time high. I can’t recommend getting Living Wage accredited enough! ”

- Craig Hume, Director

Dumfries and Galloway Council

“ Our Council considers the Living Wage as the single most important contribution to tackling poverty across the region. Dumfries and Galloway is the lowest paid region in Scotland. I am proud that this council is playing its part in tackling that problem by delivering a Living Wage for our staff. But I want to see that rolled out to as many workers across our region through our partners and contractors. Therefore, we will be promoting Living Wage accreditation to all organisations in our region across the public, third and private sectors. ”

- Ronnie Nicholson, Council Leader



SSE, Perth

“ For SSE, being a Living Wage employer is about doing the right thing for people who work for us. That’s good for our employees and it’s good for business too. But just as importantly, it is a symbol of the type of company we want to be: being responsible in all that we do in order to make a difference to people’s lives. ”

- Rachel McEwen | Director of Sustainability, SSE

Brewdog, Ellon, Aberdeenshire

“ All of our staff will receive a wage that will afford them a good standard of living wherever they might be located.

We have always done things differently at BrewDog, and our Living Wage pledge is just one part of a commitment to rewarding our amazing teams, from the brewery to bars, and from bottle shops to restaurants. ”

- James Watt, co-founder at BrewDog

Bluebird Care, Edinburgh and Glasgow

“ From both Jane’s and my perspective, Bluebird Care Edinburgh & Glasgow South don’t see the Living Wage as a privilege, it should be seen as the basic amount in which to move forward on. Our staff do an outstanding job caring for people in their own homes and they deserve every penny. Are they worth it... Absolutely! Our people are the lifeblood of our business; with a well-paid, happy and committed workforce we have happy and contented customers. ”

- John Perry, Director

The Stand Comedy Club, Edinburgh

“ We pay the Living Wage because we can afford to, it pays us back with a higher level of staff commitment and loyalty. It is important that our staff are treated well and it’s no surprise that we have so many long term employees providing stability and great service to our customers. ”

- Kenny O’Brien, Area Manager

Standard Life, Edinburgh

“ By implementing our UK Living Wage policy, we help the people who work for Standard Life in the UK and support the communities in which we are based. Being a UK Living Wage Employer has helped us attract high quality candidates who want to stay and we are also seeing a positive impact on our employee engagement and the overall quality of the work we do. It is an important part of our strategy to be a sustainable and responsible business. ”

- Sandy Begbie, Chief Operations Officer



How is the Living Wage calculated?

The real Living Wage rate in London and the UK are calculated by the Resolution Foundation and overseen by the independent Living Wage Commission.

The Living Wage calculation takes into account the Joseph Rowntree Foundation Minimum Income Standard (MIS) research in which members of the public identify what is needed for a minimum standard of living. This is then combined with an analysis of the actual cost of living, including essentials like rent, council tax, childcare and transport for different family types to produce the hourly Living Wage figure.

You can view links to full papers on the calculations on our website.



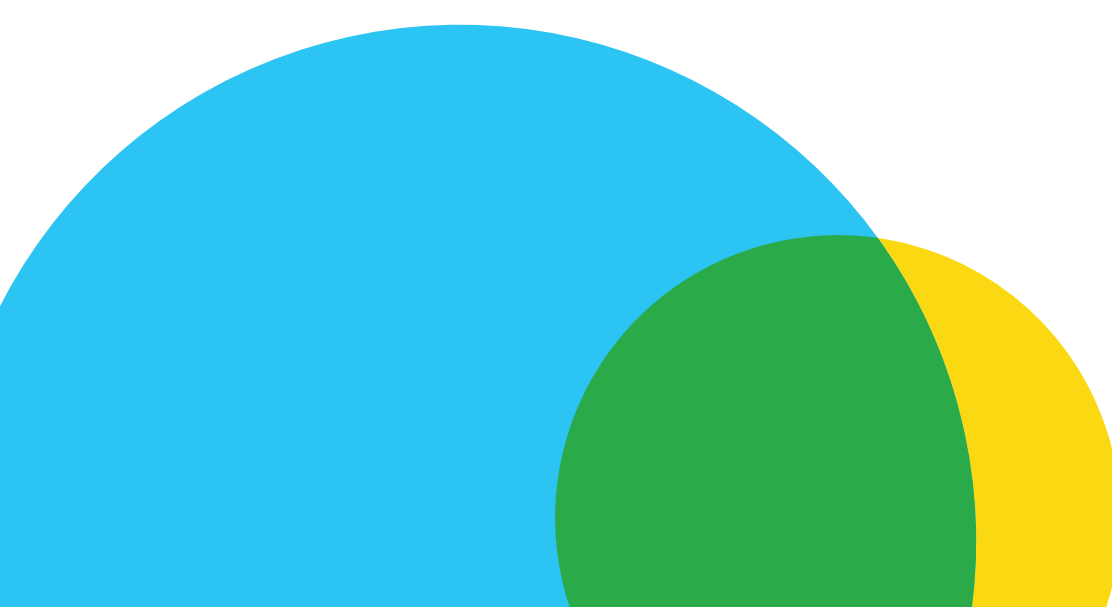
Can bonuses be included in the Living Wage rate?

Staff must receive a minimum of the Living Wage rate per hour. Guaranteed bonuses such as time away from home allowance or city living bonuses can be included. Non-guaranteed bonuses such as sales or production related bonuses cannot be included.



What is Living Wage as an annual salary?

The calculation is an hourly figure because many often work several jobs in different places. People on annual salaries may get other benefits that staff on an hourly rate don't get. You can work out the annual equivalent salary by multiplying the relevant Living Wage by the number of hours worked per week, by 52 weeks of the year.





Who does the Living Wage apply to?

The independently calculated Living Wage applies to all staff over the age of 18 that work regularly on your premises. This includes directly employed staff, contracted staff and subcontracted staff.

Regularly is defined as two or more hours in any given day for eight or more consecutive weeks of the year.



What about volunteers, apprentices and interns?

Living Wage accreditation does not require employers to pay the Living Wage to volunteers, apprentices or interns.

*Good volunteering programmes can both enrich an organisation making the opportunity available and the individual donating their time as charitable giving. We recommend that all of our employers adhere to government **best practice** guidance when creating volunteer placements.*

Apprentice wages are often lower than those of regular staff in recognition of the costs of training. However, it is good practice to ensure pay rises over the course of the apprenticeship, and many accredited employers have chosen to extend the full Living Wage to apprentices.

*Many paid internships provide valuable work experience for young people starting out in their careers. However, there is increasing concern about the use of unpaid interns to carry out the regular work of employees. In these cases unpaid interns may actually be workers and therefore entitled to be paid. Employers using interns should follow the government's **best practice** guidance relating to the minimum wage and work experience.*

Who does the Living Wage apply to? (Continued)

How far down the supply chain should it go?

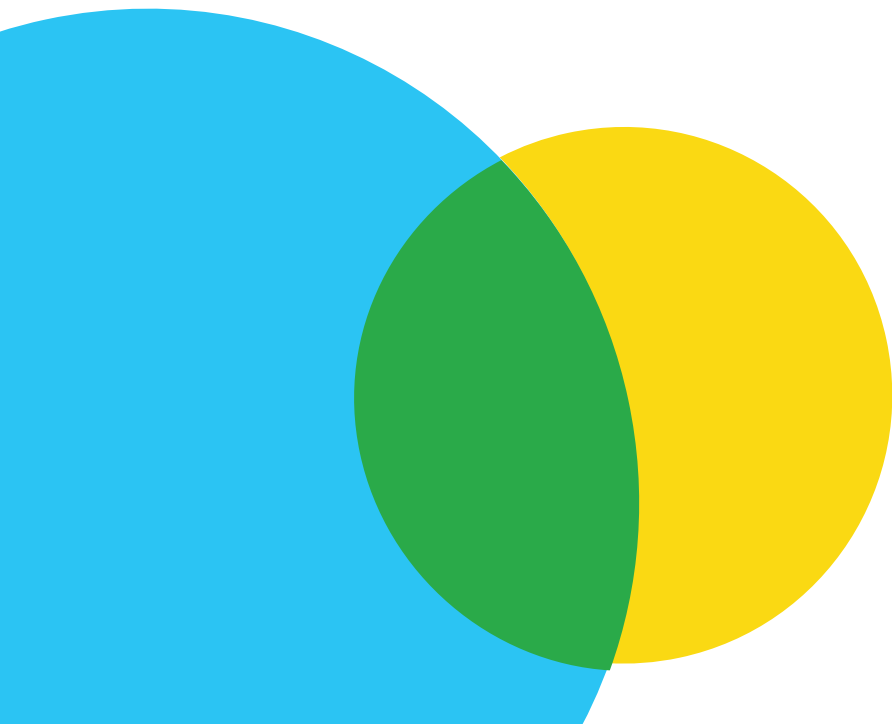
We encourage Living Wage Employers to send out a communication to everyone they do business with letting them know they have committed to ensure all staff earn a real Living Wage they can live on, and encouraging them to consider doing the same. Accreditation does not require your supply chain to pay the Living Wage, unless they are regularly delivering service on your premises.

What about staff outside of the UK?

The real Living Wage is calculated according to the cost of living in the UK. We are a UK organisation and wages for staff outside of the UK are not covered by the agreement. We recommend companies consider the international Living Wage guidance provided by the Ethical Trading Initiative.

When is the announcement and when do I have to implement?

The UK & London Living Wage figures are announced simultaneously in November of each year during Living Wage Week. Living Wage Employers have six months from the date of the announcement to implement the rise.



Who does the Living Wage apply to? (Continued)



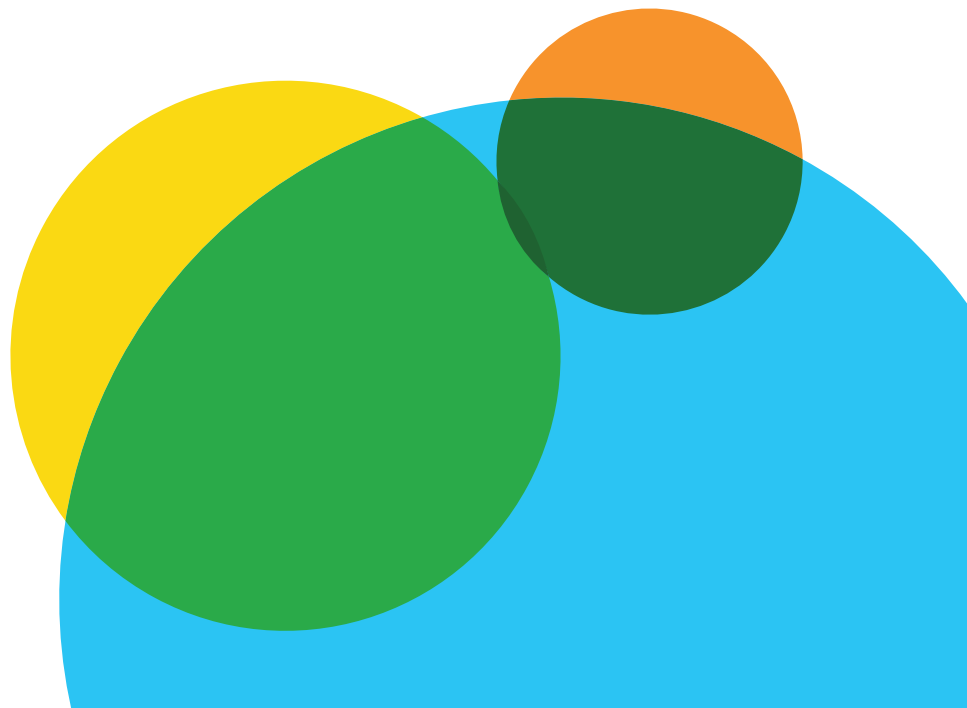
What if I work in a shared building and some workers are employed by the building management company?

For the purpose of accreditation the same test applies. Any staff that work on your premises for two or more hours a day for eight or more consecutive weeks of the year must be paid the real Living Wage that meets the cost of living.

You may have cleaners that work on your premises, that are shared with other tenants. The first step is to find out from your building management company whether the cleaners are paid the real Living Wage.

The ideal outcome would be to persuade your building management to pay any cleaners, security and reception staff the real Living Wage. You might want to organise a meeting of tenants in the building and raise the issue of the Living Wage with this group. If you can get support from a group of tenants and then approach the building manager together you will have a more powerful case for persuasion.

If it is not possible to persuade your tenants and building manager to join the movement for a real Living Wage then you can request to pay the staff the Living Wage rate for the time they are providing a service on your premises. As you are a paying client the building manager should be willing to provide you with a service agreement on the terms you require.





What is the accreditation process?

To be accredited you must confirm that you pay all of your directly employed staff the real Living Wage that meets the cost of living, and have a plan in place for your contracted staff.

For those employers who require a plan to implement Living Wage over time for contracted staff, please see the next section on Phased Implementation.

How long does it take?

It depends on the size of your organisation. Some employers can be accredited straight away whilst others may need to take a while to assess their existing situation and examine the costs and benefits. If an employer has a large number of contracts they will need to identify who those contracts are with and when they are due for renewal so they can be moved up to the real Living Wage based on what people need to live. We can offer support to develop a pathway to accreditation.

Applying for accreditation

The accreditation is confirmed by a signed licence between the Living Wage Foundation and the Employer.

A unique licence agreement is created for each employer, and is accessible as a short online form. The licence takes around 10 minutes to complete. To request the unique link to your online licence agreement, please contact us.

By completing the licence, the employer agrees to ensure all relevant staff earn the real Living Wage that meets the cost of living.

No other paperwork is required.

What is the accreditation process? (Continued)

Confirming the accreditation

On approval of the licence agreement, the Living Wage Foundation licences the employer to use the Living Wage Employer Mark.

There is a fee for accreditation that varies according to the number of staff employed. See table of fees below:

Organisation type	Size of organisation (number of employees)	
Private sector	501+	£3,000
	251 - 500	£480
	51 - 250	£240
	11 - 50	£120
	0 - 10	£60
Charities and Public Sector	251+	£480
	51 - 250	£240
	11 - 50	£120
	0 - 10	£60

*Fees are excluding VAT

Our fee structure was adopted so as not to exclude smaller organisations from joining.

Accredited employers are invited to renew their accreditation on an annual basis.



Phased Implementation

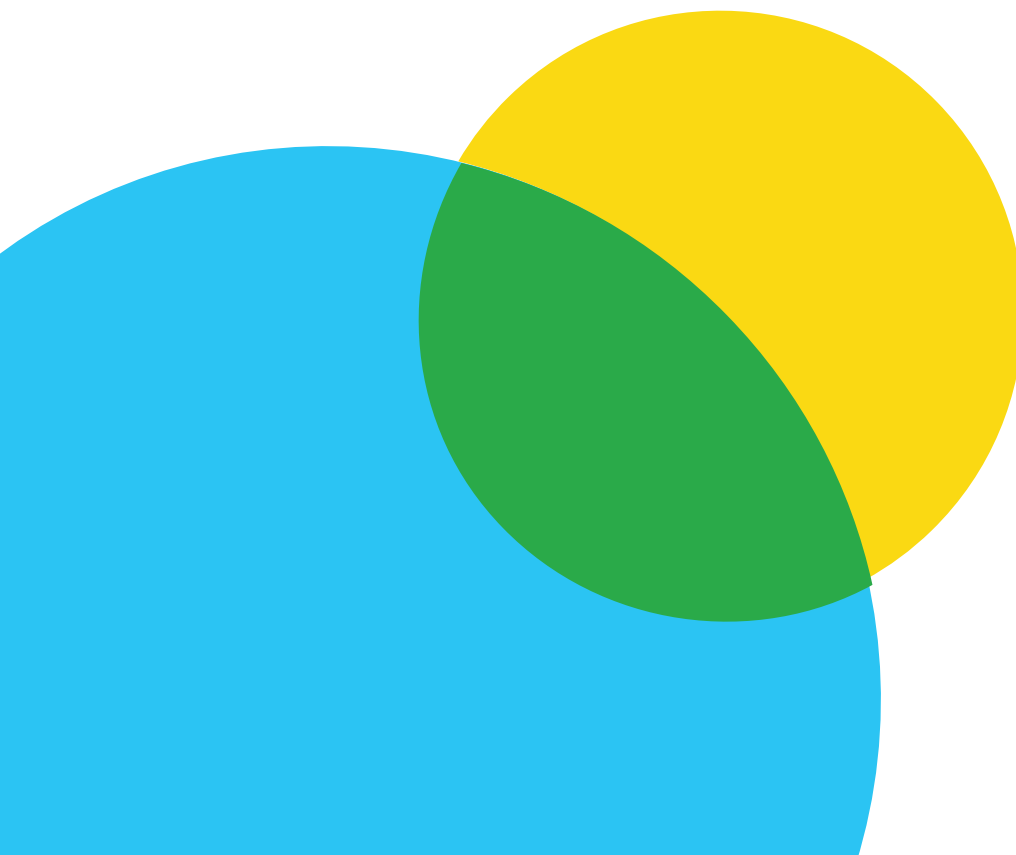


For organisations that are unable to change third party contract agreements straight away, we offer a Phased Implementation option to introduce the Living Wage in to contract agreements over time.

To take up the Phased Implementation option employers will need to work with the Living Wage Foundation to ensure the real Living Wage rates are applied to all directly employed staff and that there is a timetable in place for all contracted staff to move to the Living Wage. This can be done on a rolling basis as contracts come up for renewal and for longer contracts where there are opportunities around break clauses.

Any contracts that are not on the independently calculated Living Wage will be included as Milestones in your accreditation licence. The Foundation will check in with you quarterly to ensure Milestones have been achieved. While there is no specific cut-off point for how far into the future a Milestone can be, we expect the bulk of your contracts to move onto the Living Wage within two to three years.

Local Authorities and NHS Trusts may have may have significantly longer term contracts and should contact us for further guidance.



For more information please contact:



*accreditation@
povertyalliance.
org*



*www.
scottishlivingwage.org*



*0141
353 0440*

